STATE OF ARIZONA FILE D

STATE OF ARIZONA

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DEPARTMENT OF INSURANCE

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In the Matter of:

Docket No. 8556

PROVIDENT MUTUAL LIFE INSURANCE COMPANY
OF PHILADELPHIA

CONSENT ORDER

Respondent.

A market conduct examination was made of Provident Mutual Life Insurance Company of Philadelphia, hereinafter referred to as "Respondent", by a Market Conduct Examiner for the Arizona Department of Insurance ("ADOI") covering the time period from January 1, 1989 to September 30, 1992. Based upon the examination results, it is alleged that Respondent has violated the provisions of Arizona Revised Statutes, Title 20, Sections Administrative Code Rules 20-442, 20-461 and Arizona ("A.A.C. R") 4-14-215 and 4-14-801. Respondent wishes resolve this matter without formal adjudicative proceedings and hereby agrees to a Consent Order.

The Director of Insurance of the State of Arizona ("the Director") enters the following Findings of Fact, and Conclusions of Law, which are neither admitted nor denied by Respondent, and the following Order:

FINDINGS OF FACT

- 1. Respondent is authorized to transact life and disability insurance as an insurer pursuant to a Certificate of Authority issued by the Director.
- 2. The Examiner was authorized by the Director to conduct a market conduct examination of Respondent and has prepared the

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Report of Examination of the Market Conduct Affairs of Respondent ("the Report"). The period covered by the on-site examination was concluded as of September 30, 1992.

- 3. The Examiner reviewed twenty-seven (27) Arizona life policy replacements out of a population of 311. As to these, Respondent failed to send the "Notice Regarding Replacement of Life Insurance" to the existing insurers of eight (8) applicants within three (3) working days of either receiving the applications or issuing the policies.
- 4. The Examiner reviewed all four (4) accident and health paid claims. As to these, Respondent failed to acknowledge notification of Claim #CG93422 within ten (10) working days of receipt unless payment is made within such time.
- 5. The Examiner reviewed all four (4) accident and health denied claims. As to these Respondent:
- a. failed to acknowledge notification of four (4) claims within ten (10) working days of receipt unless payment is made within such time.
- b. failed to accept or deny three (3) claims, #CG92085, #CG9286 and #CG92087, within fifteen (15) working days after receipt of properly executed proofs of loss.

CONCLUSIONS OF LAW

1. By failing to send copies of the Notice Regarding Replacement to existing insurers within three (3) working days of either receiving applications for replacement coverage or issuing the policies, Respondent violated A.A.C. R4-14-215(F)(3)(c) and A.R.S. § 20-442.

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- 2. By failing to acknowledge receipt of notification of claims within ten (10) working days of receipt unless payment is made within that time, Respondent violated A.A.C. R4-14-801(E)(1) and A.R.S. § 20-461(A)(2).
- 3. By failing to advise claimants of the acceptance or denial of their claims within fifteen (15) working days after receiving receipt of properly executed proofs of loss, Respondent violated A.A.C. R4-14-801(G)(1)(a) and (b) and A.R.S. § 20-461(A)(5).
- 4. Grounds exist for the entry of all provisions of the following order.

ORDER

Respondent having admitted the jurisdiction of the Director to enter the Order set forth herein, having waived the Notice of Hearing and the hearing, having waived any and all rights to appeal this Order, and having consented to the entry of the Order set forth hereinafter, and there being no just reason for delay:

IT IS HEREBY ORDERED THAT:

1. Respondent shall cease and desist from failing to send copies of the Notice Regarding Replacement to existing insurers within three (3) working days of either receiving applications for replacement coverage or issuing the policies; from failing to acknowledge receipt of a notification of claim within ten (10) working days of receipt and from failing to notify insureds of the acceptance or denial of claims within fifteen (15) working days of receipt of properly executed proofs of loss.

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- 2. Respondent shall develop a written action plan to and monitor ensure that its personnel process claims in accordance with A.R.S. §§ 20-461 and A.A.C. R4-14-801. Respondent shall develop a written action plan to insure that its personnel process and prepare life insurance policies and applications in compliance with A.A.C. R4-14-215. Respondent shall submit copies of these action plans to the ADOI for approval within thirty (30) days of the filed date of this Order.
- 3. The ADOI shall be permitted, through an authorized representative, to verify that Respondent has complied with all provisions of this Order, and the Director may separately order Respondent to comply.
- 4. Respondent shall pay SIXTEEN HUNDRED DOLLARS (\$1,600.00) to the Director for remission to the State Treasurer for deposit in the State General Fund in accordance with A.R.S. § 20-220(B). Said \$1,600.00 shall be provided to the Administrative Law Division of the ADOI on or before September 7, 1994.
- 5. The Report of Market Conduct Examination as of September 30, 1992 to include any objections to the Report by the Respondent, shall be filed with the ADOI.

DATED at Phoenix, Arizona this 21stday of September, 1994.

Chris Herstam
Director of Insurance

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CONSENT TO ORDER

- 1. Respondent, Provident Mutual Life Insurance Company of Philadelphia, has reviewed the foregoing Order.
- 2. Respondent is aware of its right to a hearing at which hearing Respondent may be represented by counsel, present evidence and cross-examine witnesses. Respondent has irrevocably waived its right to such public hearing and to any court appeals relating thereto.
- 3. Respondent admits the jurisdiction of the Director of Insurance, State of Arizona, and consents to the entry of this Order.
- 4. Respondent states that no promise of any kind or nature whatsoever was made to induce it to enter into this Order and that it has entered into this Order voluntarily.
- 5. Respondent acknowledges that the acceptance of this Order by the Director of Insurance, State of Arizona, is solely for the purpose of settling this litigation against it and does not preclude any other agency or officer of this state or subdivision thereof from instituting other civil or criminal proceedings as may be appropriate now or in the future.
- 6. Eller S. Rosen represents that as Associate Consel of Provident Mutual Life Insurance Company of Philadelphia, he has been authorized by it to enter into this Order for and on its behalf.

PROVIDENT MUTUAL LIFE INSURANCE COMPANY OF PHILADELPHIA

9/13/94 (Date)



1 COPY of the foregoing mailed/delivered 22nd day of September , 1994, to: this 2 Gay Ann Williams 3 Deputy Director Gregory Y. Harris Chief Administrative Law Judge 4 Erin Klüg 5 Manager Market Conduct Examinations Division 6 Saul Saulson Supervisor 7 Examinations Section Shirley Polzin 8 Supervisor Life and Disability Section 9 Deloris E. Williamson Assistant Director 10 Rates & Regulations Division Gary Torticill 11 Assistant Director and Chief Financial Examiner Corporate & Financial Affairs Division 12 Ron Watkins Assistant Director 13 Consumer Services and Investigations Mary Butterfield 14 Manager Health Policy Division 15 DEPARTMENT OF INSURANCE 16 2910 North 44th Street, Suite 210 Phoenix, AZ 85018 17 Ellen S. Rosen 18 Provident Mutual P.O. Box 7378 19 Philadelphia, PA 19101 20 21 22 23 24 25

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